Saskatchewan Finance
Revenue Division
2350 Albert Street
Regina, Sask.
S4P 4A6

Information Bulletin

FT-8 Issued: March, 2001 Revised: January, 2008

Saskatchewan

THE FUEL TAX ACT, 2000

INFORMATION FOR PROPANE DISTRIBUTORS AND VENDORS

This bulletin describes the taxation and reporting requirements for distributors and vendors of propane. It is a general guide and not a substitute for the legislation.

The contents of this bulletin are presented under the following sections:

A. Licensed Propane Distributor
B. Propane Vendor
C. Vendors Not Selling Taxable Propane
D. Importing Propane
E. Exporting Propane

A. LICENSED PROPANE DISTRIBUTOR

A propane distributor is a person who sells propane for resale to a vendor (see Propane Vendor on the next page). A propane dealer may apply for a distributor's licence to store propane tax free in Saskatchewan if the dealer has the capability of distributing propane to vendors for resale purposes.

Licensed propane distributors must collect and remit the tax of 9¢ per litre on all propane that is:

1. sold to vendors;

2. sold through facilities normally used to dispense propane for automotive purposes; and

3. dispensed into tanks capable of holding more than 45.35 kg (100 pounds) of propane. However, propane may be sold tax free in the following cases:

   a) to a farmer, commercial fisher, trapper, or a logger with a valid Fuel Tax Exemption Permit;

Acid-free Paper

b) to a customer for heating, cooking or lighting purposes, providing the fuel is not intended for use in an internal combustion engine. (If the propane is delivered to a single storage tank for use in both heating and for a taxable purpose, tax must be collected on the entire sale. The purchaser may apply for a refund providing the customer has an in-line flow meter installed and has registered the meter with the Saskatchewan Ministry of Finance).

Propane distributors must file a tax return, provided by the Saskatchewan Ministry of Finance, by the 20th of each month with respect to the tax payable on propane for the preceding month. Distributors must report monthly on approved forms, all of their taxable and exempt propane sales made to vendors. Tax exempt sales that are greater than 45.35 kilograms (100 pounds) must be reported through the Automated Up Front Exemption System (AUFES). Information Bulletin FT-6 contains additional information on the requirements for reporting exempt sales through AUFES.

Licensed propane distributors who use propane in their own vehicles or equipment must account for the tax and remit it with their monthly fuel tax returns.

Licensed propane distributors must remit to the Saskatchewan Ministry of Finance, by the last day of every month, an amount equal to the lesser of:

1. the actual tax payable for the period, commencing on the first day of the month and ending on the 15th day of the month; and,

2. the amount equal to one-half of the tax payable for the preceding month.

On the 20th of the month, the actual tax for the preceding month, less the tax paid on the last day of the preceding month, is payable. Late payments are subject to penalty and interest. However, interim payments due on and paid by the last day of the month are not subject to penalty and interest providing:

1. the amount is equal to at least 90% of the actual tax determined to be payable for the period; or

2. the tax paid is equal to 50% of the tax payable for the preceding month.

If tax is less than $10,000 per year, monthly remittances are acceptable.

B. PROPANE VENDOR

Propane vendors typically acquire propane from licensed distributors and sell directly to consumers. Vendors pay the tax of 9¢ per litre on their propane purchases at the time of the acquisition from the distributor.

All propane sold through a vendor's facilities that are normally used to dispense propane for automotive purposes is taxable regardless of its intended use, including sales to persons with valid Fuel Tax Exemption Permits. Propane not dispensed through automotive dispensing facilities that is sold by weight and dispensed into tanks capable of holding 45.35 kg (100 pounds) or less is exempt of tax, regardless of its use.

All propane that is sold and dispensed into tanks of more than 45.35 kg (100 pounds) is taxable. However, propane sold in the following cases remains exempt:

1. to a farmer, commercial fisher, trapper or a logger with a valid Fuel Tax Exemption Permit;

2. to a customer for heating, cooking or lighting purposes providing the fuel is not intended for use in an internal combustion engine (if the propane is delivered to a single storage tank for use in both heating and for a taxable purpose, tax must be collected on the entire sale. The purchaser may apply for a refund providing the customer has an approved in-line flow meter installed and has registered the meter with the Saskatchewan Ministry of Finance).

Vendors may apply to the Saskatchewan Ministry of Finance, monthly, for a refund of the tax on exempt propane sales. The refund application form provides a calculation that simplifies the refund process. Refund application forms may be obtained from the Revenue Division and will be accepted by mail or facsimile. Vendors may choose to receive their refund by cheque or direct deposit.

C. VENDORS NOT SELLING TAXABLE PROPANE

A vendor who does not have facilities to dispense automotive propane or does not dispense taxable propane into containers of more than 45.35 kilograms (100 lbs.) may request approval from the Saskatchewan Ministry of Finance to purchase propane tax free for resale, from a licensed distributor.

D. IMPORTING PROPANE

A person who is not a distributor, and who imports propane into the province, must report the importation and pay a deposit equal to the tax that would be required to be paid if the fuel was purchased in Saskatchewan, prior to the propane entering the province. (See Information Bulletin FT-7 for information on importing fuel into Saskatchewan.) Importation permits may be obtained by phoning 1-800-667-6102 or faxing (306) 787-0241.

A licensed propane distributor must include details of imported fuel in their monthly reporting to the Saskatchewan Ministry of Finance and remit the tax payable semi-monthly.

E. EXPORTING PROPANE

Any person who is not a distributor, and who wishes to purchase or store tax-free propane in Saskatchewan for the purpose of exporting the propane from Saskatchewan, must become licensed as an exporter. (See Information Bulletin FT-6 for more information on obtaining an Exporter's Licence.)

Licensed exporters are required to report detailed information monthly for each export on forms available from the Revenue Division and must retain proper documentation as discussed in Information Bulletin FT-9 "Information for Exporters".

FOR FURTHER INFORMATION

Write: Ministry of Finance
Revenue Division
2350 Albert Street
Regina, Saskatchewan
S4P 4A6

Telephone: Toll Free 1-800-667-6102
extension 7688

Regina 306-787-7688

E-mail: sask.tax.info@finance.gov.sk.ca

Fax: 306-787-0241

Internet: Information bulletins, forms and information are available on the Internet at:

http://www.finance.gov.sk.ca/taxes